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# Beverage Industry

AN HBJ PUBLICATION

NOVEMBER 1984

## Expo evokes wait 'n' see viewpoint

by Sandy Whitlock
Assistant Editor

ROUNDUP—On the eve of the first InterBev ever, the U.S. beverage producer is taking a "wait and see" attitude. On the supplier side, there are some strong "pro" and "con" feelings.

In a telephone survey conducted by **Beverage Industry** shortly before the convention, a number of soft drink producers, suppliers and franchisers were asked their opinion on the expansion of InterBev into the all-encompassing "beverage" field as well as the international arena. Reactions were mixed on both subjects.

On the whole, most feel that expanding to include the entire world market is a matter of natural progression.

From the bottlers side, comments ranged from "So what else is new. All they did was change the name" to "I'll believe it when A-B has a

(Continued on page 140)

## BI Report

■ **WESTINGHOUSE'S Bart Brodkin, president of the beverage group, named BI's 1984 Man of the Year. Brodkin was chosen by a select group of beverage industry suppliers and will be honored at this year's InterBev Expo. Brodkin was selected on the basis of his industry and community involvement. A complete report will appear in December.**

■ **SEVEN-UP NEXT FOR POSNER? During his meeting with RC bottlers, financier Victor Posner took some pointed shots at 7UP and Like, claiming that Philip Morris was tired of putting money into it and that "we may be looking at buying it ourselves."**

■ **BARQ'S INC. ACQUIRES Delaware Punch, a non-carbonated beverage company based in San**

(Continued on page 170)

**Special pre-show coverage**

# InterBev

## The new beginning

More than 400 exhibitors and over 16,000 visitors are expected to come together in Chicago's McCormick Place and witness new technology, faster equipment speeds and innovative ideas. And for the first time, the International Beverage Congress will hold a four-day seminar program covering the global beverage scene. Visitors will come from 80 countries around the world. **Beverage Industry's** complete coverage of the 1984 convention begins on page 68.

## No immediate SD plans for acrylonitrile

by Craig Fintor
Associate Editor

NEWS ANALYSIS—One of the longest running debates on the intricacies of regulating food packaging is over. And the winner, Monsanto Corp., apparently believes the victory is a hollow one.

"It's a just reversal of an unjust decision," said Jerome Heckman, a Monsanto attorney, of the recent Food and Drug Administration decision.

At the heart of the matter, was FDA concern that there was "potential exposure" to acrylonitrile monomer as a cancer-causing carcinogen.

Monsanto introduced the bottle in 1975. The bottle, however, was banned in 1977 when the FDA became concerned about residual

(Continued on page 132)

## Posner impresses; bottlers convinced RC will be kept

by Paul E. Mullins
Editor

NEWS ANALYSIS—The long awaited meeting between RC bottlers and Victor Posner took place on Oct. 29 at his headquarters in Miami. During the 45 minute meeting, he:

- was quite vocal about the errors of past management;
- wondered why RC was not sold in every one of the Arby's locations;
- expressed the opinion

(Continued on page 159)

## BI Now Package

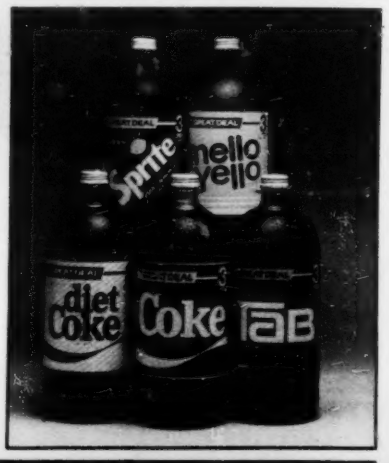
*3-L shootout*

## Super Saver vs. Big Deal

NEWS ROUNDUP—If test market results hold up, bottlers who move into the 3-L PET can expect to:

- Lose between one-third to

(Continued on page 53)

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*Canada Dry bottlers meet*

# Goal for '85: double market share

by Bill Dolan

HOT SPRINGS, VA—A record number of Canada Dry bottlers on hand here for the company's biannual national meeting, billed as "Way to Grow," heard president Francis I. Mullin promise Canada Dry's corporate share would double by 1985.

In addition, he also said:

- Canada Dry Ginger Ale would double its share by 1986, a year ahead of schedule;
- Sugar Free Ginger Ale's goal of reaching the industry norm of 23% for diet products would be backed by a doubling of the network TV budget;
- Two new planned seltzers would be introduced in early 1985;
- Pledges from Canada Dry's third owners in five years, Del Monte Corp., would be no change in Canada Dry's relationship with its bottlers.

The record turnout of more than 750 was spurred in part by Canada Dry's acquisition

(Continued on page 129)

Guys, that sweet stuff is just so old!

Less sweet and so right,

I'm changing my tastes,

We're making our move to Canada Dry.

# Seminar to discuss aseptics

CHICAGO—Aseptic packaging will be the topic of discussion at a jointly sponsored executive seminar here Nov. 11 just prior to the Inter-Bev Show.

*Aseptic Processing and Packaging of Beverages* is being sponsored by the Society of Soft Drink Technologists in cooperation with the National Soft Drink Assn. A wide range of subjects will be covered including:

- The history and future trends for aseptic beverages;
- Aseptic packaging and processing systems;
- Sanitation procedures;
- FDA guidelines for aseptic packaging;

The registration fee for the one-day seminar is $150.

To register, contact Harry Korab, technical director, National Soft Drink Assn., (202) 463-6756. □

"Look"

"Taste"

# 269 firms control 75% of industry volume

EXCLUSIVE—A report just compiled by Beverage Marketing Corp. (BMC) discloses that the 269 headquarter soft drink companies were responsible for over three-fourths of the dollar volume of the industry in 1983.

Furthermore, the 43 top volume companies controlled just over half of the sales, the report shows. Headquarter companies are defined as those that are multiple franchise owners.

The statistics are a slight change from 1982 when 272 firms accounted for 75.2% of the sales and the top 39 firms had 52.8% of the sales.

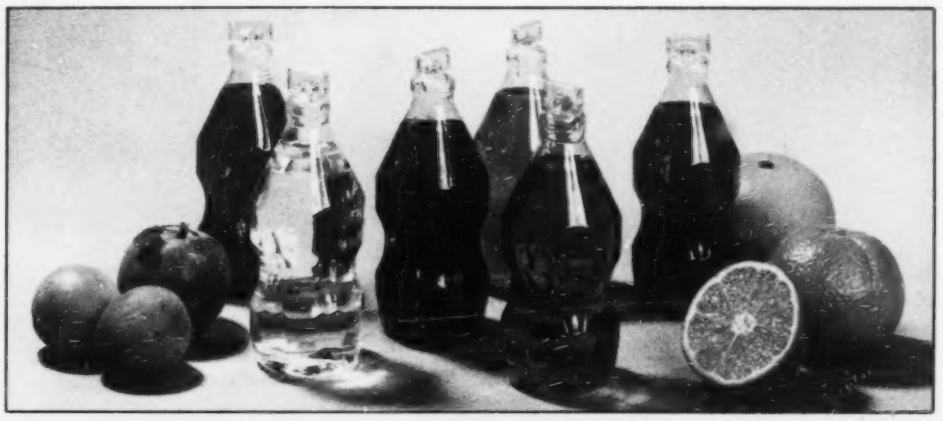
These 269 headquarter firms operate 1,628 facilities, 715 manufacturing and 913 distribution locations, the report reveals. In 1982 these same headquarter firms operated 752 manufacturing facilities and 833 distribution centers, a total of 1,585 operations.

While these headquarter firms are responsible for an increasing lion's share percentage of the total soft drink industry sales, they are continually consolidating as more and more of their subsidiaries convert from manufacturing centers to distribution points.

"We have fewer headquarter companies controlling more and more of the business," says Michael Bellas, BMC president. "People that own the independents are the smaller operators. Eventually, you'll probably have 500 manufacturing plants that will serve the needs of the whole industry by the end of the century."

Bellas says these headquarter firms can support their

(Continued on page 28)



Co-polyester bottles permit an aseptic fill with the Bottlepack-Aseptic-System at a reasonalbe price.

# New applications for co-polyester

CARTERET, NJ—Rommelag USA, Inc., projects new applications for plastic bottles made from co-polyester, when molded into plastic containers with its Bottlepack-Aseptic-System. The company feels co-polyester can be used to package oxydation-sensitive products, such as juice drinks and juices, attractively and at a reasonable price.

The bottles are made with PETG Kodak 6763, supplied by Eastman Chemical.

There are quite a few differences between co-polyester

(Continued on page 14)

# Youth TV ads signal shift in Coke drive

ATLANTA—The two new youth-oriented commercials which Coca-Cola debuted in late September are the first in what insiders say will be a refining of the positioning and presentation of the "Coke Is It" theme.

Extensive research which included proprietary studies and more than 160 additional

(Continued on page 176)

# Features


**68** **InterBev '84**
**Beverage Industry's** complete and comprehensive coverage of the first InterBev includes many pages of important listings to make your stay in Chicago more than just another business trip. To help organize your stay, beginning on page 68, is a schedule of events, list of exhibitors and what they plan to display, plus a comprehensive description of InterBev seminars. Beginning on page 70, there's an alphabetized exhibitor and booth no. list with a floor plan of McCormick Place. But it's not necessarily all business. Also beginning on page 68 are listings of fine restaurants, hotels and theaters. On page 75, there's a sightseeing guide; on 76, a map of the city.

**8** **Expanding the natural way**
In this exclusive report, **BI** takes an in depth look at the growing "natural" soft drink segment with some insight as to why the segment is emerging.

**13** **Packaging roundup**
**BI** takes an analytical look at packaging in three separate features, covering cans, glass and closures. A report from the Can Manufacturer's Institute,beginning on page 13, notes that 1984 is shaping up to be a good year for the can. Beginning on page 16, **BI** scrutinizes the struggling glass industry and finds, amongst the bad, there's good news, too. Shipments of pre-labeled single-service glass are increasing. And finally, a feature on closures, starting on page 26, examines why bottlers are converting to plastic.

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# Soundoff

## Security analyst on glass, cans, plastic

"... glass will face strong challenges from plastic in ... every segment including beer and hot-filled and retorted food ...

"The threat from cans seems to be one which glass is better equipped to handle. These two types of containers have been competing on a reasonably stable basis for years ... glass seems to have been overwhelmed by the beverage can more recently. That container gained share because of its own overcapacity situation resulted in very attractive prices to brewers and soft drink producers ... I believe that glass' best defense is to work hard at bringing down costs ..."

**Richard S. Palm**
**Security Analyst**
**Merrill Lynch**
**New York, NY**

From a speech delivered at the annual meeting of the Glass Packaging Institute in mid-September.


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# Features


**36** **Bottlers' purchasing plans for '85**
In another exclusive, BI looks at where bottlers will put their money this year and next as they make plans to modernize their plants. Equipment, computers and other capital assets are given a critical look.

**40** **'Windy City' wars**
In the continuing battleground series, Marty Westerman takes a look at the Chicago beverage wars on the eve of the first InterBev. Pricing and strong unions are major factors in this major market.

**47** **Aseptic roundup**
Chicago not only has a winning baseball team this year, but also an interesting little aseptic fight.

**95** **Farewell to Dwight Reed**
BI editor Paul Mullins interviews Dwight Reed, the outgoing president of the NSDA in this exclusive. Reed gives his views on a variety of subjects concerning the soft drink industry today.

**137** **John Frazier speaks out**
Frazier, president of Seven-Up, Wichita, and chairman of Seven-Up, Fort Worth, is expected to be named the new president of the NSDA.

**151** **Cape Cod capers**
Officials of Cape Cod Pepsi-Cola tell BI what makes their franchise such a successful business in a tough northeastern market region.

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## Lipton sees 22% sales increase in cans in '84

ENGLEWOOD CLIFFS, NJ— Lipton Tea, located here, reports that through the first seven months of '84, sales are up 22.6% for its canned non-carbonated beverage line.

Sales for the fountain version of its product are up 31.8%, according to Chuck Wigga, associate director in charge of bottlers' concentrate.

Setting the pace for canned sales are: New York Coca-Cola, up 25%; Los Angeles Royal Crown Cola, up 39%; Houston Seven-Up, up 33.2%; Miami Coca-Cola, up 17.6%; Chicago Royal Crown Cola, up 69.9%; and New Orleans Pepsi-Cola, up 25.6%.

Wiggs says that part of the reason for the success of the fountain version is the bag-in-box which is popular with fast foods restaurants. Many mature markets where Lipton has been available three and four years are reporting double digit growth, says Wiggs.

### Fountain leaders

Setting the pace in fountain sales are: Gulfport Pepsi-Cola, up 185% in its third year; Jackson Pepsi-Cola, up 185%, also in its third year; Wichita Seven-Up, up 192%, also in its third year; St. Louis Seven-Up, up 200%, primarily as the result of adding the Six Flags entertainment complex; and Phoenix Seven-Up, up 170%.

New can franchises named in 1984 include Mid-Atlantic Coca-Cola; Coca-Cola Portland/Spokane; Coca-Cola Jamestown, ND; Coca-Cola, LaCrosse; Pepsi-Cola, Little Rock; Pepsi-Cola, Jonesboro; Seven-Up, Kansas City; Seven-Up, Omaha; Seven-Up, Flint; Royal Crown, Columbus, GA; Canada Dry, Milwaukee.

New fountain franchises include Seven-Up Midcontinent; Coca-Cola, Elyria/Painesville, OH; Pepsi-Cola-Cola, Newburgh, NY; and Jason Soda Systems, Hartford, CT. □

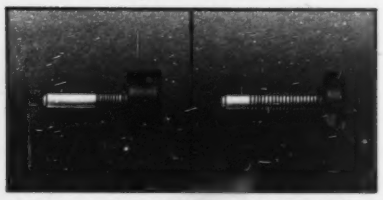
**Long-term, efficient design and durable construction make Hesse the uncommon leader as a route truck manufacturer.**

***Fleet owners take notice as the new Hesse all-aluminum body can now perform as it offers features still unmatched in a me-too industry.***

New product features are part of the name of the game in maintaining one's lead in almost any business. Uncompromised quality in all you do keeps you near the top. At Hesse, the durability and quality are built in daily as we construct features that are designed to last. Features so durable, they are automatically covered by an unmatched 10 year warranty program.

Hesse's all welded construction has caused competitors to rethink their current designs while still making mistakes such as mixing dissimilar metals and using alloys unfit for the destructive pounding given during daily operation. Let's face it, mechanical connectors and rivets just don't hack it!

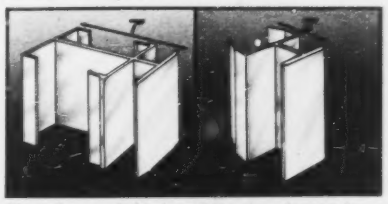
The simple gliding of a door roller causes other body builders to wither while Hesse lasts. Door rollers by Hesse are made with state-of-the-art molybdenum impregnated nylon. Door rollers by Hesse offer up to two times the actual bearing surface than other competitive rollers.



*Hesse Door Roller* *Competitive Door Roller*

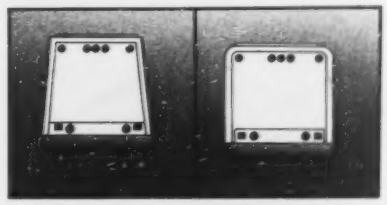
Door track by Hesse doesn't need a steel replacement track as the aluminum used in a Hesse door track is made of alloys meant to last, not wear thru. Hesse uses tempered aluminum alloys meant for beverage trucks not lawn furniture or soft beverage cans.

Only Hesse offers a full seven-inch-deep extruded door track. Others may advertise the "heaviest," while Hesse offers it on each and every unit at no additional cost to you.



*Hesse door track showing full 7" depth.* *Competitive door track showing only 3" depth.*

While a Hesse is unique in many ways, one that saves money is the tapered design. Because of a narrower roof profile Hesse offers a considerable reduction in wind resistance compared to "bulky box" builders who must round the corners just to keep up. Remember, its the frontal mass that eats the gas.



*Exclusive Hesse tapered design.* *Competitors attempt to improve wind slippage by rounding corners.*

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